

Message Text

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46

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AF-08 EA-07 EUR-12 NEA-10 IO-13

FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06

PRS-01 SP-02 OMB-01 (ISO) W
----- 039000

R 212145Z MAY 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 5828

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 4539

E.O. 11652: N/A

TAGS: EAGR, ETRD, BR

SUBJ: BRAZILIAN COFFEE CROP

1. WE NOTE THAT IBC PRESIDENT CALAZANS, IN HIS MAY 10 LETTER TO DEPUTY ASSISTANT SECRETARY KAJX, AND VARIOUS TRADE SOURCES HAVE CHALLENGED OFFICIAL FAS ESTIMATES FOR BRAZIL 1976/77 COFFEE CROP OF 9.5-10.0 MILLION BAGS.

2. AGATTACHE NOTES THAT FAS ESTIMATES ARE BASED ON INTENSIVE FIELD SURVEY. LOWER ESTIMATES BY IBC AND TRADERS COULD, OF COURSE, HAVE RESULTED FROM DIFFERENT METHODOLOGICAL APPROACHES. ALTERNATIVELY, IBC AND TRADERS MAY HAVE VESTED INTERESTS IN MAKING EXCEEDINGLY CONSERVATIVE ESTIMATES, ALTHOUGH THE INTERESTS OF ALL TRADERS DO NOT NECESSARILY COINCIDE WITH IBC (E.G., US IMPORTERS IN SHORT POSITION WOULD PREFER LOWER PRICES AND THUS HIGH CROP ESTIMATES WHILE THOSE WITH LONG POSITIONS AT HIGH PRICES WOULD PREFER LOW CROP ESTIMATES.)

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3. WITH REGARD TO IBC'S RECENT 7.7 MILLION BAG ESTIMATE, AGATTACHE NOTES THAT PRIOR TO THE ATTEMPTED PURCHASE OF ANGOLAN COFFEE, IBC'S ESTIMATE SEEMED TO BE SIGNIFICANTLY HIGHER THAN 7.7 MILLION BAGS. ON APRIL 25, 1976--TWO WEEKS AFTER FAS' FIELD SURVEY--IBC STATED THAT IT ESTIMATED A CROP OF 4.9 MILLION BAGS FOR STATE OF MINAS GERAIS. IBC STATED THROUGH A PRESS RELEASE THAT ITS CROP ESTIMATE FOR THE STATE OF SAO PAULO AMOUNTED TO 2.5 MILLION BAGS. NO KNOWLEDGEABLE OBSERVER CHALLENGES A FIGURE OF 2.0 MILLION BAGS FROM OTHER COFFEE PRODUCING STATES. THIS ADDS UP TO 9.4 MILLION BAGS, CLOSE TO FAS LOW ESTIMATE OF 9.5 MILLION BAGS. IBC MAY BE RELUCTANT TO COME FORWARD WITH CORRECTED, HIGHER THAN 7.7 MILLION BAGS CROP ESTIMATE, KNOWING THAT ITS EARLIER ANNOUNCED INTENTIONS TO BUY COFFEE FROM ANGOLA, HAD A BULLISH EFFECT.
CRIMMINS

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Message Attributes

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Draft Date: 21 MAY 1976
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Disposition Approved on Date:
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Margaret P. Grafeld
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